

Message Text

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TAGS: EIND, EAGR, HO, US

SUBJECT: DECREE 103 LUMBER

REF: TEGUCIGALPA 1033 AND TEGUCIGALPA 1224

SUMMARY: ECOM OFFICER IN DISCUSSION WITH REYES OF
COHDEFOR CONFIRMED DEVELOPMENTS REPORTED REFTEL 1224.
OTHER PROGRESS IN COHDEFOR RELATIONS WITH U.S. LUMBER
INDUSTRY INVESTORS DISCUSSED. END SUMMARY.

1. REYES CONFIRMED GENERAL AGREEMENT WITH MADERERA
HIBUERAS (ROBINSON). TIME WOULD NOT PERMIT OF POINT BY
POINT REVIEW BUT GENERALITY APPEARS TO BE WELL ACCEPTED
SOLUTION BY BOTH SIDES.

2. REYES STATED THAT YODECO (GATLIN) HAS REACHED AGREEMENT
IN PRINCIPLE TO STAY IN LUMBER YEARD BUSINESS ON FEE BASIS
WITH COHDEFOR, FOLLOWING SAME PATTERN REACHED WITH
ROBINSON AND HAWTHORNE LUMBER. OF THE MAJOR U.S. EXPORTERS
ONLY CARIBBEAN (DAVIS) REMAINS TO BE ADMINISTRATIVELY
AGREED BETWEEN COHDEFOR AND OWNERS. REYES BELIEVES THAT
COMPANY DESIRES TO SELL ALL OR PART OF ITS HOLDINGS TO A
SYNDICATE OF WORKERS/EMPLOYEES. PRESENT MANAGER OF
OPERATION, GIL AGUILAR, MAY BE PREVAILED UPON TO REMAIN
AS MANAGER FOR ADDITIONAL YEAR. CIRCUMSTANCES OF THIS
COMPANY'S PROBLEM PRESENTLY NOT SUBJECT TO ANY RELATIONSHIP
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WITH DOHDEFOR WHICH IS WILLING TO SEE COMPANY CONTINUE AS

PRESENTLY CONSTITUTED OR UNDER NEW OWNERSHIP.

3. AS CONCERNS MAYA LUMBER COMPANY, REYES CONSIDERS NEGOTIATIONS GOING SMOOTHLY.

4. DANLI INDUSTRIAL PROPOSAL THAT COHDEFOR PURCHASE 31 PERCENT ITS STOCK STILL UNDER CONSIDERATION.

5. ON SICRE/MARACA OPERATION OF VIKING OIL COMPANY, REYES HAS CORPORATION LETTER CONTAINING QUESTIONS BASIC TO ITS DECISION TO CONTINUE OR DISCONTINUE OPERATIONS. ECOM OFFICER URGED PROMPT RESPONSE.

6. ON GENERAL CONDITION OF COHDEFOR, REYES AWARE OF FACT HE IS PAYING TOO MUCH FOR ROUGH CUT TIMBER FROM SAW MILLS. IN ADDITION, TRADITIONAL REGIONAL PRICE DIFFERENTIAL DUE TO TRANSPORTATION COSTS ARE NOT ACCOUNTED FOR IN COHDEFOR FLAT PAYMENT FOR SAW MILL PRODUCTION. REYSS, HOWEVER, APPEARS WILLING TO ACCEPT PRESENT HIGHER COSTS FOR COHDEFOR RATHER THAN CONFUSE INDUSTRY BY CHANGING PRICE STRUCTURE.

7. IN CONTACTS WITH EXPORTERS TO OPERATE ON FEE BASIS, REYES BELIEVES HE HAS PROVIDED MORE THAN AN AMPLE PROFIT. THE RATE OF RETURN ON INVESTED CAPITAL IN SOME CASES MAY BE AS HIGH AS 200 PERCENT. REYES NONETHELESS CLEARLY UNDERSTANDS COHDEFOR DEPENDENCE UPON EXPORTERS TO MAKE SYSTEM FUNCTION AND HAS NO INTENTION TO BARGAIN DOWN TO THE LAST DIME UNDER PRESENT CIRCUMSTANCES.

8. ON RELATED FUTURE CONTRACT FOR LARGE INVESTMENT IN PULP INDUSTRY, EMBASSY RECEIVED CALL FROM ROBERT CRASSWELLER OF RAYONIER/ITT. HE WAS SEEKING TO IDENTIFY ORIGIN OF DEPT. OF COMMERCE LETTER INDICATING GOH FORESTRY PROJECT INVESTMENT OPPORTUNITY. EMBASSY RESPONDED THAT TRADE OPPORTUNITY HAD BEEN PREPARED AND SENT TO WASHINGTON BY EMBASSY.

9. SECONDLY, CRASSWELLER HAD OBTAINED BY HEARSAY DISTURBING REPORT FROM HONDURAS THAT COHDEFOR HAD CHANGED CONTRACTUAL CONDITIONS AFFECTING COST TO SICRE FOR LIMITED OFFICIAL USE

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STUMPAGE. SPECIFICALLY THAT SICRE NOW REQUIRED TO PAY 5 LEMPIRA STUMPAGE AS COMPARED WITH 3 LEMPIRA COST UNDER EXISTING CONTRACT. SOURCE OF INFORMATION INDIRECTLY ROBERT BRIEDE OF SICRE/MARACA. EMBASSY RESPONDED RUMORS OF THIS TYPE QUITE COMMON AND THAT TO OUR UNDERSTANDING QUESTIONS ABOUT STUMPAGE FOR SICRE/MARACA AMONG POINTS UNDER DISCUSSION BETWEEN COHDEFOR AND VIKING. WE ADDED THAT SECONDARY SOURCES OF INFORMATION CONCERNING LUMBER

BUSINESS IN HONDURAS SHOULD NOT BE BASIS OF EVALUATION GOH
ATTITUDES OR POLICY, THIS UNDERLINED BY ACCESSIBILITY OF
PRIMARY SOURCES SUCH AS REYES. CRASSWELLER STATED HE
APPRECIATED THIS POINT OF VIEW AND ADDED THAT RAYONIER
HAD INITIATED CORRESPONDENCE WITH REYES BY LETTER MAILED
TO COHDEFOR ABOUT A WEEK AGO.
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